

1 think what you were describing as a mandate
2 from Comcast, but it's not necessarily -- it's
3 really in most cases arising out of these
4 agreements.

5 Q So if I understand how it just
6 mechanically works, Comcast corporate
7 negotiates an affiliation agreement, and there
8 will be a required level or minimum of
9 carriage in that agreement from time to time,
10 correct, sir?

11 A Yes, sir.

12 Q And then, Ms. Gaiski, or whomever
13 operating for her, gets on the phone with the
14 field and says, "There is an obligation to
15 carry this network at this level," correct,
16 sir?

17 A Well, not exactly. Can I --

18 Q Certainly.

19 A Okay. In the vast majority of
20 cases, renewal agreements don't involve a
21 change in distribution. So Ms. Gaiski doesn't
22 really get on the phone and tell the field

1 anything. So there are other types of deals
2 which involve a launch or a change of
3 packaging, and in which case in those
4 circumstances she would talk to the field
5 about it.

6 Q I'm sorry, Mr. Bond. I didn't
7 mean to imply that my question included
8 renewals there. I'm really only focused with
9 those times that the affiliation agreement is
10 negotiated to -- with a specified minimum
11 level of distribution.

12 A You mean for new distribution.
13 That's what you're --

14 Q Well, either that or because a new
15 agreement is entered into which moves it down.
16 And we'll get to both types, but the -- what
17 I'm presenting to you is the instances in
18 which Comcast, at the corporate level, has
19 decided and agreed it is going to carry a
20 network at a certain penetration level.

21 A Okay.

22 Q And in those instances, Ms. Gaiski

1 gets on the phone and she tells the people out
2 there in the field, "We've got this agreement,
3 and you're going to have to carry this at a
4 certain level," correct, sir?

5 A Yes.

6 Q And then, what they do is they
7 send in what's called a CCR, I believe?

8 A Yes.

9 Q Which is -- I'm sorry, what does
10 CCR stand for?

11 A Channel Change Request.

12 Q Channel Change Request, and they
13 send those Channel Change Requests up, and
14 then that's the form that allows this change
15 to be made, correct, sir?

16 A Yes.

17 Q But that's something that's
18 mandated from the top down, correct, sir?

19 A Yes.

20 Q And the reason I referred to
21 budgets is that, whether or not the guy in
22 Tuscaloosa, Alabama, has the budget to carry

1 that cable, if Comcast corporate is telling
2 them, "Carry it on D1," he has got to do it
3 there, right?

4 A Yes.

5 Q And he has got to incur those
6 costs in his budget regardless of whether or
7 not he has got room in them, isn't that right?

8 A Yes.

9 Q And if he doesn't have room in it,
10 he's got to take that upstairs with the people
11 in Philadelphia, right, sir?

12 A Yes.

13 Q And I take it that may be you, for
14 example.

15 A Yes.

16 Q And that's the kind of contract
17 that Comcast had with Versus, isn't it, sir?

18 A Yes.

19 Q And that's the kind of contract it
20 had with Golf?

21 A Yes.

22 Q And that's the kind of contract it

1 had for The Hockey Channel?

2 A Yes.

3 Q And that's the kind of contract it
4 had for The Basketball Channel?

5 A We had these kind of contracts
6 with really all of our providers.

7 Q But not with The Tennis Channel.

8 A That's correct.

9 Q Okay. You also had that kind of
10 contract with The Baseball Channel, just so I
11 can finish --

12 A Yes.

13 Q -- the set.

14 A Yes.

15 Q Thank you. By the way, just to
16 finish the thought for a second, there are no
17 nationally distributed networks in which
18 Comcast owns an interest that are carried
19 exclusively on a sports tier anywhere in the
20 United States, is there?

21 A No.

22 Q Okay. Sir, I want to talk to you

1 for a minute about carriage decisions. In
2 looking at carriage -- at carriage-level
3 decisions -- and you don't look at customer
4 surveys, do you, sir?

5 A No, not typically.

6 Q You think there might be customer
7 surveys in the Comcast Marketing Department,
8 but that's not something you have access to
9 regularly --

10 A Correct.

11 Q -- is that correct?

12 A Yes.

13 Q And you don't necessarily follow
14 the decisions of other distributors, do you,
15 sir?

16 A That's correct.

17 Q Because sometimes the other
18 distributors might be wrong in your view,
19 correct, sir?

20 A Correct.

21 Q The fact that another major
22 distributor carried Tennis Channel more

1 broadly wouldn't necessarily influence you,
2 would it, sir?

3 A Right.

4 Q And there is not really a metric,
5 is there, sir, for trying to figure out how
6 popular a network is on another cable -- I'm
7 sorry. There is not a metric, is there, sir,
8 for figuring out how popular another network
9 is on another cable distributor, is there,
10 sir?

11 A Do you mean as distinct to how
12 popular it might be on a Comcast system?

13 Q Yes. Yes. If you wanted to find
14 out the -- you know, your meeting at -- the
15 cable distributor's annual meeting, you see
16 your colleague from Time Warner, and the guy
17 from Time Warner is telling you, "Wow, this is
18 the most -- the best network we ever had," you
19 don't have any way to know that or not, do
20 you, sir?

21 A No. There is ratings information
22 that is published, but I don't know that it

1 quite gets to the differential you are posing.

2 Q Yes. And I think you told me at
3 the deposition that you didn't have a metric
4 to tell how popular was something on a
5 particular cable distributor, correct, sir?

6 A No.

7 Q And -- well, I'm sorry, my
8 confusion, bad question. When you say "no,"
9 I take it you mean you are agreeing with me,
10 not disagreeing with me, is that correct?

11 A Yes.

12 Q Now, you do look at ratings
13 information from time to time --

14 A Yes.

15 Q -- is that correct, sir, in making
16 carriage decisions --

17 A Yes.

18 Q -- is that right? Now, I'd like
19 to go back to this 592 for a second. This is
20 the letter --

21 A Which one was that?

22 Q This is the letter that Mr.

1 Solomon sent you --

2 JUDGE SIPPEL: 592?

3 BY MR. PHILLIPS:

4 Q -- April 22, 2009.

5 A Yes.

6 Q Okay. And you thought this letter
7 was -- and I wrote down the words, because I
8 wanted to make sure I got them right,
9 "relatively aggressive," correct, sir?

10 A Yes.

11 Q Now, I'd just like to walk through
12 it for a second. I mean, he -- certainly he
13 starts by saying he hopes you're well. Do you
14 see that?

15 A Yes.

16 Q And then, turn to page 2 here for
17 a second. Mr. Solomon writes you there -- and
18 what I think is kind of a personal touch --
19 two paragraphs from the bottom. He says,
20 "Matt, I thank you for your time thus far in
21 this most recent series of discussions. They
22 have been thoroughly enjoyable. Tennis

1 Channel's investors and I continue to be
2 positive that we have a business proposition
3 for Comcast, which will be a huge win-win by
4 both rectifying our services continuing
5 distribution shortfall and making this live,
6 first-class, 24/7, 52-week-a-year Sports
7 Network available to an appropriately broad
8 base of eagerly waiting premium subscribers."

9 Again, with one of the very best
10 value equations in the business, I am more
11 confident that there is room for a deal here.
12 Do you see that, sir?

13 A I do.

14 Q Was that aggressive, sir?

15 A No.

16 Q Okay. And, in fact, you would
17 agree with me that Mr. Solomon believed that,
18 with the addition of all of the slams, the
19 four majors, and with the addition of HD and
20 the other things they had done to improve it,
21 he thought he had considerably improved the
22 quality of The Tennis Channel. Don't you

1 agree, sir?

2 A I think that's what he believed,
3 yes.

4 Q Okay. And you don't think he was
5 trying to just set you up for a lawsuit, do
6 you, sir?

7 A Well, I have to say, my reading of
8 this letter was that there were elements of it
9 that seemed threatening in that regard.

10 Q But he was also trying to convince
11 you that he -- that the Tennis Channel had
12 finally deserved greater distribution, don't
13 you think, sir?

14 A Well, I think the way I took this
15 letter, because we had had conversations prior
16 to the receipt of this letter where he had
17 said to me that he felt like he deserved
18 greater distribution, he deserved digital
19 basic distribution.

20 But we at that time had a deal
21 that allowed for carriage on the sports tier.
22 Others had deals of that sort, other

1 distributors had deals of that sort, some
2 other distributors didn't have deals of that
3 sort, but we had a deal that allowed
4 distribution on the sports tier.

5 So this decision, you know,
6 regardless of these points, meant a
7 significant increase in costs. So there was
8 something of I think a disconnect in the
9 discussion leading up to this letter, and then
10 the letter is fine, we certainly met with
11 them, we heard their proposal, but there were
12 -- I do believe there were elements of this
13 letter -- and I think I testified to them
14 previously -- that did seem to be relatively
15 aggressive or to suggest the potential
16 litigation course.

17 Q Well, I want to come back to those
18 cost points in a few minutes, and I promise
19 you we will spend some time on it. But before
20 we get there, did you understand that at least
21 Mr. Solomon believed that he had a flexible
22 deal with you that over time as he built the

1 network up and got better programming and
2 really improved the service, that he could
3 make the case to you to get broader
4 distribution?

5 A Well, I think that's what he was
6 saying in the letter, yes.

7 Q And isn't that what he told you
8 when he talked to you on the telephone before
9 the meeting?

10 A Yes.

11 Q And isn't that what, in fact, he
12 told you at the meeting, sir?

13 A Yes.

14 Q And in those telephone calls that
15 were -- that led up to the meeting, you told
16 Mr. Solomon that you didn't think that you
17 could see the financial case for broader
18 distribution, didn't you?

19 A Yes.

20 Q But you were willing to meet with
21 him.

22 A Yes. Well, he indicated -- and I

1 think it was indicated in this letter -- that
2 they had a proposal to deal with the financial
3 implications. And I think he referred to that
4 in the -- in the paragraph that you just read.
5 It just said -- where was it? "I continue to
6 be positive that we have a business
7 proposition for Comcast which will be a huge
8 win-win by both, rectifying our continuing
9 distribution shortfall, making this live,
10 first-class, 24/7, 52-week-a-year Sports
11 Network available to an appropriately broad
12 base."

13 Q And, Mr. Bond, you had told him,
14 before he sent this letter, that he was
15 probably going to need some sort of financial
16 incentive to offer you -- offer Comcast in
17 order to get that broader distribution, hadn't
18 you?

19 A I don't recall if I used the word
20 "incentive." I may have used that word, but
21 I think the context of the discussion that we
22 had on the phone was really what I talked

1 about earlier. We had a deal that allowed for
2 it on the sports tier that cost us a certain
3 amount of money to make it available to all of
4 our customers.

5 And this move would entail
6 significant cost, which would of course be
7 good for The Tennis Channel -- it would result
8 in significant incremental revenues to tennis
9 -- but it would be a detriment to Comcast. So
10 it wasn't really the win-win that he was
11 positing.

12 Q Well, we're going to get there. I
13 promise.

14 A Okay.

15 Q But -- well, maybe we should just
16 go on and get there, because I think -- oh, I
17 know what it was. I mean, you don't know
18 whether you said "financial incentive" or not
19 in those telephone conversations?

20 A No, I don't recall if I used that
21 term or not.

22 Q Did you know that Comcast has

1 actually admitted in the answer that you used
2 that term? I can show you the answer if it
3 helps you.

4 A That's all right. I'm simply
5 saying, certainly, the context of our
6 discussion involved the financials. I simply
7 don't recall if I used that precise term.

8 Q Now, let's talk about what you did
9 to prepare for this meeting. You looked for
10 financial information before you went into
11 this meeting with Mr. Solomon?

12 A Yes.

13 Q You wanted to know what the
14 existing distribution level was? You wanted
15 to know what the existing terms of the
16 contract were, is that correct, sir?

17 A Yes.

18 Q And that was really the two
19 primary pieces of information you prepped
20 yourself on going into this meeting, correct,
21 sir?

22 A I was really -- prior to going

1 into the meeting, I was looking for
2 essentially a distribution update -- where we
3 carried it, what were the terms of the deal.

4 Q And you wanted to know, you know,
5 what -- what were the terms, the price per sub
6 was, and how much distribution you were
7 committed to, sir, is that correct?

8 A And how much distribution we had,
9 not really how much we were committed to.

10 Q I understand. And that was so
11 that you could examine the financial
12 implications of the deal that you were going
13 to have -- that Mr. Solomon was going to
14 propose to you, correct, sir?

15 A Yes, that's correct.

16 Q And you were aware, when you were
17 going into this meeting, that there were
18 several other distributors that carried Tennis
19 Channel more broadly than Comcast did, were
20 you not, sir?

21 A Yes. Yes.

22 Q Now, let me ask you, after the

1 meeting, you asked Ms. Gaiski to go check with
2 the field, correct, sir?

3 A Yes.

4 Q And now, I know that she went to
5 check with the four division managers. Was
6 that what you had in mind?

7 A Yes.

8 Q You didn't have in mind that she
9 would go survey anything broader than that,
10 did you?

11 A No.

12 Q Like she would go contact the
13 regional managers or the systems themselves?

14 A Correct.

15 Q This was just a telephone call
16 with these four regional managers, correct,
17 sir?

18 A Yes. There had been other -- I
19 had asked her to check on prior occasions as
20 well.

21 Q With the same four people,
22 correct, sir?

1 A Yes.

2 Q Do you know whether she informed
3 them of the proposal that Mr. Solomon had made
4 to you financially?

5 A I don't know if she did or not. I
6 assume she would have talked about the cost.

7 Q She would have talked about the
8 cost. But do you know if she talked about all
9 of the rest that Mr. Solomon had told you
10 about how he improved the service?

11 A I don't know if she talked about
12 that or not.

13 Q Now, on June 9th, there was a call
14 arranged between you and Mr. Solomon, correct,
15 sir?

16 A Yes.

17 Q And you had on that call several
18 members of your staff?

19 A I did.

20 Q And he had on that call some
21 members of his staff, correct, sir?

22 A Yes.

1 Q And as I understand how that call
2 went down, you told Mr. Solomon that there
3 were basically three options, as you saw it,
4 correct, sir?

5 A Yes.

6 Q Option A was Option A of the offer
7 that he had made, and that was at D1
8 distribution level, correct?

9 A Yes.

10 Q With a [REDACTED] percent discount,
11 correct, sir?

12 A Yes.

13 Q And Option B was at the zero
14 distribution, and that was at the [REDACTED] percent
15 discount, correct, sir?

16 A Yes.

17 Q The [REDACTED] percent discount, by the
18 way, would have reduced Tennis Channel's rates
19 to about [REDACTED] cents a sub, is that correct?

20 A That's correct.

21 Q And then, Option C, as you saw it,
22 was to do nothing, correct, sir?

1 A Option C was to continue the
2 existing distribution.

3 Q And under the existing
4 distribution, Tennis Channel had the option of
5 going out and trying to talk another, you know
6 -- another of those [REDACTED] distribution
7 systems to try to bump it up in distribution
8 levels, correct, sir?

9 A Yes.

10 Q What's called a hunting license,
11 correct, sir?

12 A Yes.

13 Q Okay. And Mr. Solomon told you
14 that that was a waste of time, and you
15 remember that phrase very distinctly --

16 A Yes.

17 Q -- I've heard you say it.

18 A Yes.

19 Q Now, was he referring to what you
20 told him that you just wanted to keep the
21 contract in place, or was he referring to all
22 of the effort that he had made up until that

1 time hoping he would get a counterproposal
2 from Comcast?

3 A I think it was the waste of --
4 it's my belief he wanted full distribution,
5 and he didn't want, as I said, half measures.
6 So he wanted -- I don't think he was
7 interested in trying to increase distribution
8 organically in that fashion.

9 Q You didn't make a financial
10 counterproposal, did you, at that time, sir?

11 A No.

12 Q Well, tell me -- I mean, you were
13 in the conversation. I wasn't, obviously.
14 But do you think when he said "waste of time"
15 he was referring to the time that he had spent
16 thinking that at least you would get involved
17 in negotiation at that time, correct, sir?

18 A Now, my -- my belief of the
19 conversation was -- what I had said was we
20 can't -- this didn't make financial sense to
21 agree to this obligation. I had said to him
22 that I wanted to get personally involved and

1 try to help find more distribution. That
2 could have involved a change in the deal or
3 not a change in the deal. It could have been
4 under the existing deal.

5 Q But that was -- still, that's what
6 he already had, wasn't it, sir?

7 A No. I was trying -- I was
8 offering -- I was intending to get involved
9 and actually get deeper and try to make some
10 launches happen.

11 Q But what you told him is, "We'd
12 like to keep the deal as it is," isn't that
13 right, sir?

14 A Yes.

15 Q Now, price alone is not the only
16 factor in making distribution determinations,
17 though, is it, sir?

18 A No.

19 Q Indeed, there are a lot of
20 networks that cost a lot more than Tennis
21 Channel does and get a lot broader
22 distribution, doesn't it, sir?

1 A That's correct.

2 Q Okay. Indeed, I'd venture to say
3 that most of the networks with broader
4 distribution in the sports area cost more than
5 Tennis Channel, don't they, sir?

6 A Yes.

7 Q Now, I told you I'd get back to
8 the cost, and that's what I want to do for a
9 moment, if you'd bear with me, sir.

10 A Of course.

11 Q And I appreciate you bearing with
12 me. So let's go where -- Mr. Carroll's cost
13 chart, if I can come to it. I believe it's
14 one of those -- after one of those pages --
15 588, that was it.

16 A Yes, I'm looking at it.

17 Q Okay. Now, this was the cost
18 chart that was prepared by Ms. Gaiski,
19 correct?

20 A Yes, sir.

21 Q Now, let's just add some more
22 information to this, just to see what it looks

1 like, if we could, sir. Okay?

2 A All right.

3 Q Now, what we have here is for 2010
4 -- that's accepting -- those three columns are
5 the three proposals that you talked about with
6 Mr. Solomon. The first row is the current
7 contract, the second row is Option A, and the
8 third row is Option B, sir, right?

9 A Yes.

10 Q Okay. And then, you have the
11 annual fees underneath that, and you total out
12 to the total cost of the contract.

13 A Yes.

14 Q Okay. Golf Channel in 2010 is
15 approximately how much per subscriber?

16 A About [REDACTED].

17 Q So if we -- and it's distributed
18 to approximately [REDACTED] subs?

19 A Yes.

20 Q So if I did the math here of [REDACTED]
21 [REDACTED] times [REDACTED] times 12 -- and,
22 believe me, I've had my colleagues do this

1 math, so that I don't have to do it right here
2 -- what I get is [REDACTED]. Does that
3 sound right to you?

4 A It does.

5 Q Okay. So [REDACTED], that would
6 be under Option B, right? That's the
7 equivalent of the Option B, right?

8 A Yes.

9 Q So, in 2010, instead of -- if this
10 were Golf Channel, instead of [REDACTED],
11 which you have for Tennis Channel, you'd have
12 [REDACTED], sir, correct?

13 A Yes.

14 Q Okay. Let's do the same thing for
15 Versus. Well, no, not -- let me stick with
16 this for a second actually. And I take it if
17 you took that [REDACTED] and you multiplied it
18 out 10 years under Option B, instead of [REDACTED]
19 [REDACTED] you would get [REDACTED], correct,
20 sir?

21 A Yes.

22 Q Okay. Now, let's take Versus.